Government of Saskatchewan

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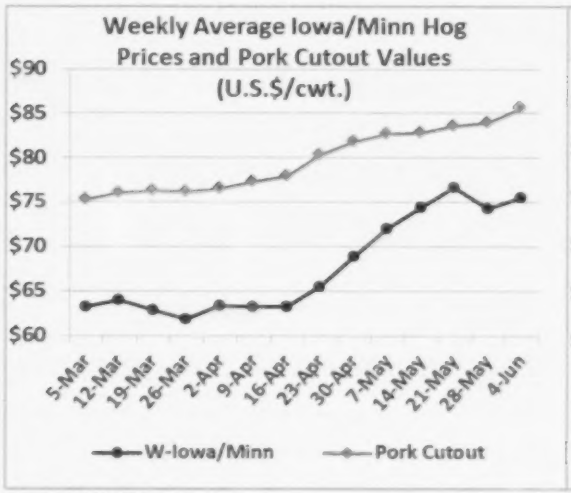
Weekly Hog Report

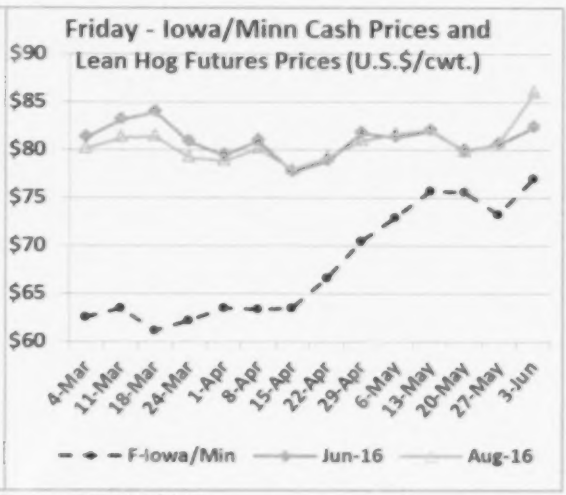
June 6, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) moved higher later in the week to end the week up, week-over-week. Hog prices on Friday June 3 averaged US$77.00 per cwt, up US$3.81 per cwt or 5.2 per cent from US$73.19 per cwt the previous Friday. The negotiated base price last week averaged US$75.49 per cwt, up US$1.18 per cwt or 1.6 per cent from US$74.31 per cwt the previous week. Weekly cash hog prices were higher on continued stronger seasonal pork cutout values.



Source: LMIC



Source: LMIC, CME

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday June 3, 2016 was $181.45 per ckg, up $6.80 per ckg or 3.9 per cent from $174.65 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $177.11 per ckg, down $1.60 per ckg or 0.9 per cent from the previous weeks' average price of $178.71 per ckg. The Canadian dollar edged higher last week closing Friday at 77.26 cents, up 0.56 cents from 76.70 cents the previous Friday.

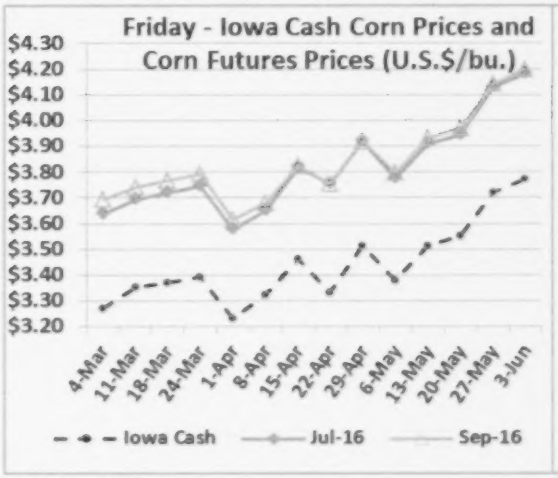
Porcine Epidemic Diarrhea (PED) Virus

Over the last ten days three cases of PED have been confirmed on hog farms in southeast Manitoba. The three barns are in close proximity and are two sow barns and one finisher barn.

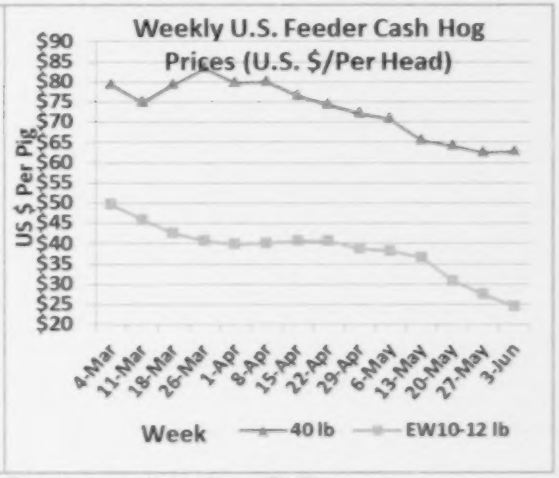
http://www.gov.mb.ca/agriculture/animals/animal-health/porcine-epidemic-diarrhea.html

Futures Markets
United States lean hog futures daily prices were primarily higher last week to end the week higher, week-over-week. The June-to-August 2016 lean hog futures contracts increased between US$1.775 per cwt and US$5.150 per cwt. The nearby June contract increased US$1.775 per cwt to settle Friday at US$82.300 per cwt, while the August contract increased US$5.150 per cwt to settle Friday at US$85.875 per cwt.

Cash Feeder Hog Prices
North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$24.52 per head, down US$2.87 per head from US$27.39 per head the previous week. Feeders (40lb) averaged US$62.63 per head, up $0.18 per head from US$62.45 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S corn prices continued to move higher last week to end the week higher, week-over-week. Iowa cash corn prices increased five cents to settle Friday at US$3.77 per bushel. U.S. daily corn futures prices were mixed but primarily higher last week to end the week higher, week-over-week. The July 2016 corn contract increased over five cents to settle Friday at US$4.18 ¼ per bushel, while the September 2016 corn contract increased over five cents to settle Friday at US$4.19 ¾ per bushel.

Hogs Slaughtered
U.S. hogs slaughtered under federal inspection for the shorter Memorial Day week ending June 4 were estimated 1.899 million head, down 12.9 per cent from 2.181 million head the previous week, and down 10.4 per cent from 2.120 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending June 4 averaged 2.089 million head per week, up 1.3 per cent from 2.062 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter Canadian holiday week ending May 28, 2016 were estimated at 337,677 head, down 16.0 per cent from 402,102 head the previous week, and down 3.3 per cent from 349,098 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 386,266 head, down 1.1 per cent from 390,737 head over the same period in 2015. Year-to-date, hogs slaughtered in Canada in 2016 have totaled 8,635,421 head, up 2.5 per cent from 8,423,471 head over the same period in 2015.

Meat Production

U.S. pork production for the shorter holiday week ending June 4, 2016 was estimated at 404.2 million lb., down 13.1 per cent from 465.0 million lb. the previous week, and down 10.8 per cent from 453.0 million lb. the same week a year ago. Pork production over the last four week's ending June 4 was estimated to average 444.5 million lb., up 1.1 per cent from 440.0 million lb. over the same four week period a year ago.

U.S. beef production for the shorter holiday week ending June 4 was estimated at 421.6 million lb., down 11.4 per cent from 475.6 million lb. the previous week, and down 5.9 per cent from 448.1 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending May 28, 2016, was estimated to average 2.077 billion lb., up 6.1 per cent from 1.957 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.9 per cent compared to the same period in 2015.

United States Weekly Meat Production

(May 28) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	439.0	461.8	5.2%	0.7%
Beef	452.6	478.7	5.8%	4.2%
Chicken	946.2	1,001.9	5.9%	3.5%
Turkey	119.6	134.9	12.8%	2.0%
Total	**1,957.4**	**2,077.3**	**6.12%**	**2.92%**

Source: LMIC

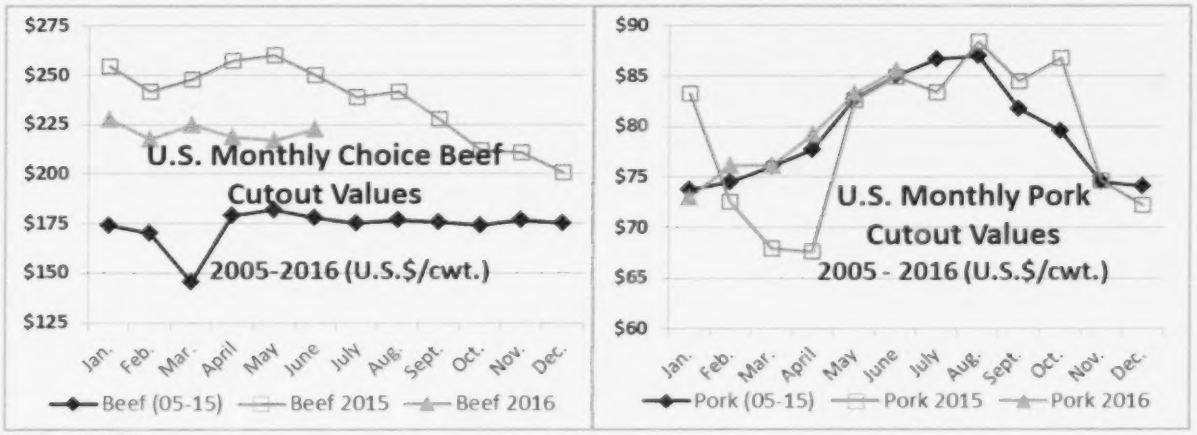
Cutout Values

U.S. national pork cutout values for the week ending June 4, 2016 averaged US$85.57 per cwt, up 2.0 per cent or US$1.66 per cwt from US$83.91 per cwt the previous week, but down 1.3 per cent from US$86.68 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending June 4, 2016 averaged US$222.40 per cwt over the week, down US$0.79 per cwt or 0.4 per cent from US$223.19 per cwt the previous week, and down 10.9 per cent from US$249.66 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending June 4, 2016 averaged US$113.92 per cwt, down 4.3 per cent from US$119.03 per cwt the previous week, and down 25.8 per cent from US$153.60 per cwt the same week a year ago.

U.S. pork cutout values have trended higher the last two months as per seasonal cycles and are trading near the seasonal 2015 prices and long-term averages. With current price ratios of beef to pork (2.6:1) above the long-term average (2.2:1) pork prices should be supported by competing beef prices over the summer. The current price ratio of chicken to pork (1.3:1) is below the long-term average (1.7:1); which could be negative for higher pork prices in the short term depending on the strength of U.S. pork exports over the summer.



Source: LMIC

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